Manitoba

Office of the Provincial Auditor

THE PUBLIC TRUSTEE OF MANITOBA

Auditor's Report and Financial Statements
for the year ended March 31, 1989

Manitoba

THE PUBLIC TRUSTEE OF MANITOBA

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A and B, of The Public Trustee of Manitoba for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of affairs of the estates and trusts under jurisdiction of the Public Trustee as at March 31, 1989 and the cash receipts and disbursements for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied, after giving retroactive effect to the change in policy of accruing interest on common fund investments as explained in note 9, on a basis consistent with that of the preceding year.

Fred H. Jackson

F. H. Jackson, CA,
Provincial Auditor.

February 23, 1990,
Winnipeg, Manitoba

EXHIBIT A

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba

Balance Sheet of estates and trusts
under administration
as at March 31, 1989
(with 1988 figures for comparison)

A S S E T S	1989	1988 (restated)
Cash on hand and in bank	$ -	$ 830,925
Investments - common fund (Notes 2(a) and 6)	77,578,278	71,869,699
- specific estates and trusts (Note 7)	14,086,629	13,973,116
Annuity contracts (Note 2(c))	382	2,262
Accrued interest receivable on common fund investments (Notes 2(a) and 9)	2,238,176	2,084,133
Receivable from the Government of the Province of Manitoba (Note 10)	603,879	622,218
Accounts receivable (Note 2(d))	113,022	140,629
Rentals receivable (Note 2(d))	6,554	15,905
Notes receivable, principal (Note 2(e))	162,858	147,768
Mortgages and agreements receivable (Note 2(e))	126,639	139,520
Interests in other estates (Note 2(f))	2,915	415
Real estate (Note 2(g))	5,485,604	5,074,682
	$ 100,404,936	$ 94,901,272
L I A B I L I T I E S		
Cheques issued in excess of funds on deposit	$ 169,449	$ -
Mortgages, notes and agreements payable (Note 2(h))	2	7,732
Public Trustee - Fees payable (Note 3)	69,030	22,792
- Expenditures payable (Note 2(i))	22,032	7,991
	260,513	38,515
Estates and trusts under administration: (Note 2)		
Excess of recorded value of assets over liabilities (Note 10)		
The Mental Health Act	69,453,952	66,860,226
The Public Trustee Act	30,690,471	28,002,531
	$ 100,404,936	$ 94,901,272

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba

Statement of Cash Receipts and Disbursements
for the year ended March 31, 1989
(with 1988 figures for comparison)

R E C E I P T S

	1989	1988
Funds held by estates and trusts brought under administration	$ 8,655,858	$ 8,028,785
Realization of equities in other estates	624,653	1,282,775
Pensions, compensation and assistance	12,417,321	11,335,840
Sickness, disability and other insurance benefits	2,974,924	1,487,627
Collections on account of:		
Accounts receivable	145,268	81,050
Rentals and leases receivable	143,726	171,856
Mortgages and agreements receivable	35,865	47,830
	324,859	300,736
Sale of chattels	125,888	199,422
Sale of real estate	2,247,484	2,209,793
Interest - bonds and investment certificates	9,762,105	8,709,433
Dividends	73,080	82,369
Bank interest	104,967	94,372
Total receipts, before sale or redemption of securities	37,311,139	33,731,152
Sale or redemption of securities	52,930,427	70,511,256
Cash on hand and in bank at beginning of year	830,925	316,692
	$ 91,072,491	$ 104,559,100

EXHIBIT B

DISBURSEMENTS

1988		1989	1988
	Payments on account of:		
8,028,785	Accounts payable discharged	$ 255,812	$ 193,457
1,282,775	Mortgages and agreements payable	148,541	237,731
11,335,840	Real estate purchases	265,506	7,510
1,487,627		669,859	438,698
	Maintenance:		
81,050	Maintenance incurred in hospitals prior to June 30, 1958	-	(5,213)
171,856	Board, room and other expenses (Note 4)	13,640,143	12,082,741
47,830			
300,736		13,640,143	12,077,528
	Preservation of estates:		
	Realty and income taxes	1,346,659	826,654
	Insurance	91,930	75,283
	Repairs	94,612	188,042
	Sundry	805,221	688,691
		2,338,422	1,778,670
199,422			
2,209,793	Support of dependents	58,717	69,107
8,709,433	Administration and passing of accounts (Note 3)	2,505,586	2,428,190
82,369	Burial expenses	753,137	645,913
94,372	Estates and trusts released from administration	11,568,596	10,381,797
	Total disbursements, before purchase of securities	31,534,460	27,819,903
33,731,152	Purchase of securities	59,707,480	75,908,272
	Cash on hand and in bank at end of year	-	830,925
70,511,256	Cheques issued in excess of funds on deposit at end of year	(169,449)	-
316,692			
104,559,100		$ 91,072,491	$ 104,559,100

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba

Notes to Financial Statements
March 31, 1989

1. Role and Objective

The Public Trustee acts on behalf of persons affected by various disabilities, mental disorders, age and death. The Public Trustee is considered to be an appointment of last resort and therefore provides a public service, generally where there is no other competent or acceptable person available to provide the required service.

2. Significant Accounting Policies

Statement of Cash Receipts and Disbursements

The Statement of Cash Receipts and Disbursements reflects cash transactions which have occurred during the year for estates and trusts under administration.

Balance Sheet

The Balance Sheet reflects the position on a modified accrual basis with the following exceptions:

A. Assets

All known assets are included in the Balance Sheet except for chattels, which are accounted for in separate accounting records, and accruals on investment earnings held for specific estates and trusts.

B. Liabilities

Liabilities are only recorded on the Balance Sheet where accounts are due to the Government of the Province of Manitoba, and in respect of mortgages, notes and agreements payable described in Note 2(h).

The net recorded value of the estates and trusts under administration is governed by the valuation criteria described on the Balance Sheet as well as the following evaluation and accounting policies:

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba

Notes to Financial Statements
March 31, 1989

a) Common Fund Investments

Investments of the common fund, established pursuant to Section 11(1) of The Public Trustee Act, are restricted to securities and loans authorized under The Trustee Act. Common fund investments are recorded at cost, adjusted for the amortization of premiums or discounts on purchase on a straight-line basis over the remaining term to maturity of the security. Interest is accrued on these investments. Earnings are distributed semi-annually to the individual estates and trusts on a pro rata basis.

b) Shares of Capital Stock and Mutual Funds

(i) Mental Health and Infant Trusts

The basis of valuation of shares assumed under administration prior to December 22, 1971 is at Valuation Day prices (market value as at December 22, 1971), except shares for which no Valuation Day price exists. Shares are then recorded at cost, if available, or at a nominal value of $1.

Shares assumed under administration since December 22, 1971 have been recorded at the market value as at the date of assumption or at a nominal value of $1 where market value is not readily available.

All shares purchased by the Public Trustee are recorded at cost.

(ii) Estates of Deceased Persons

Shares forming part of estates of deceased persons assumed under administration have been recorded at the market value as at the date of death. Shares purchased by the Public Trustee are recorded at cost. Where no market value exists, nominal values of $1 are used.

Shares recorded at Valuation Day prices (December 22, 1971), assumed under administration since December 22, 1971, and purchased by the Public Trustee, amount to $1,714,419 (1988 - $1,851,625), with the balance of the account representing share certificates of a nominal value of $1 each.

c) Annuity Contracts

Determinable receivables amount to $ - at March 31, 1989 (1988 - $1,885), with the balance of the account represented by receivables recorded at a nominal value of $1 each.

d) Accounts Receivable and Rentals Receivable

Determinable accounts receivable and rentals receivable amount to $118,896 at March 31, 1989 (1988 - $155,815), with the balance of the account represented by accounts and rentals receivables recorded at a nominal value of $1 each.

e) Notes, Mortgages and Agreements Receivable

Notes, mortgages and agreements receivable reflect the amount of principal and interest due and unpaid at the time each estate was brought under administration, less any payments subsequently received. Interest due and accrued during administration is not recorded by the Public Trustee until such time as it is received.

f) Interests in Other Estates

Determinable interests in other estates amounts to $2,855 at March 31, 1989 (1988 - $356), with the balance of the account represented by interests in other estates recorded at a nominal value of $1 each.

g) Real Estate

Real estate is valued at estimated market value and amounts to $5,485,294 at March 31, 1989 (1988 - $5,074,403), the balance of the account, represented by burial plots, mines and mineral rights and mobile homes are recorded at a nominal value of $1 each.

h) Mortgages, Notes and Agreements Payable

Mortgages, notes and agreements payable are recorded in instances where the possibility exists that payments may be made on account of these liabilities. Interest due and accrued during administration is not recorded until it is paid.

Determinable mortgages, notes and agreements payable amount to $ - at March 31, 1989 (1988 - $7,732), with the balance of the account represented by mortgages, notes and agreements payable recorded at a nominal value of $1 each.

i) Expenditures Payable to the Public Trustee

Expenditures payable to the Public Trustee represent disbursements made on behalf of estates or trusts for which funds were not immediately available. These expenditures will be recovered from the estates or trusts concerned by the Public Trustee in due course when funds become available. If funds do not become available, these expenditures are recovered from an appropriation of the Department of the Attorney-General, Government of the Province of Manitoba.

3. Administration Fees

Under Section 14 of The Public Trustee Act, the Public Trustee may determine reasonable charges based on the services provided to the estates and trusts under his administration. Charges are made annually on the aforementioned basis to each estate and trust on its anniversary date of enrollment with the Public Trustee, except those estates and trusts which do not have sufficient funds, where the charges are either reduced or not made.

The Government of the Province of Manitoba requested that the total costs of the Public Trustee's Office be fully recovered by means of these administration fees. These fees are remitted to the Government of the Province of Manitoba when funds become available in each estate and trust.

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba

Notes to Financial Statements
March 31, 1989

4. Board, Room and Other Expenses

Board, room and other expenses reflect payments made for current general living expenses, which mainly include clothing, comforts, medical and nursing home costs, during periods of supervision, probation and hospitalization.

5. Administration Costs

Administration costs of the Public Trustee are paid out of appropriations of the Government of the Province of Manitoba and are not reflected in these financial statements. Where appropriate, these costs are recovered from estates and trusts in a manner as explained in Note 3.

6. Investments - Common Fund

	1989	1989	1988
	Par Value	Book Value	
Term deposits and investment certificates	$ 2,800,000	$ 2,800,000	$ 6,600,000
Government of Canada bonds	47,875,000	50,879,462	40,466,492
Province of British Columbia bonds	2,000,000	2,028,632	2,942,030
Province of Manitoba bonds	200,000	199,475	199,388
Province of Ontario bonds	-	-	1,899,828
Province of Quebec bonds	1,000,000	997,536	996,797
Ontario Hydro-Electric bonds	20,527,000	20,673,173	18,252,905
Federal Business Development Bank	-	-	512,259
	$74,402,000	$77,578,278	$71,869,699

7. Investments - Specific Estates and Trusts

	1989	1988
Term deposits, investment certificates and treasury bills, at par value	$ 4,753,090	$ 3,676,788
Government of Canada and other bonds, at par value	7,619,048	8,444,703
Shares of capital stock and mutual funds (Note 2(b))	1,714,491	1,851,625
	$14,086,629	$13,973,116

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba

Notes to Financial Statements
March 31, 1989

8. Statutory Fees and Costs

Under Section 3(3) and Section 4 of The Public Trustee Act and Section 12 of The Infant Trust Act, the Public Trustee provides legal services for estates and trusts not under his administration. Fees and court awarded costs collected and remitted to the Government of the Province of Manitoba amounted to $10,441 for the year ended March 31, 1989 (1988 - $13,216). These amounts are not reflected in the financial statements.

9. Change in Accounting Policy

For the year ended March 31, 1989, the Public Trustee changed its accounting policy to reflect accrued interest receivable on common fund investments. Previously the interest was recorded on a cash basis. This change, which has been applied retroactively, resulted in accrual of interest receivable on common fund investments and a corresponding increase in estates and trusts under administration.

10. Allocation of the Amortization of Premiums Paid on Bond Purchases

The amortization of premiums paid on bond purchases have not been processed properly in the trust equity accounts. This resulted in an overallocation of interest. This matter is being resolved. The active estates and trusts are being charged with the appropriate amount of the amortized premiums paid. The Government of the Province of Manitoba is providing funds to reimburse the Common Fund for the portion of the amortized bond premiums pertaining to discharged estates and trusts and to refund fees previously paid on the overallocated interest.

11. Comparative Figures

Comparative figures for the year ended March 31, 1988 have been restated where necessary to conform with the presentation adopted for the year ended March 31, 1989.